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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 29, 2014

Certified Return Receipt
7011 2970 0001 8829 0094

Sylvia Carroll
Construction Services Department
Travelers Casualty and Insurance Company of America
1100 East 6600 South, Suite 500
Salt Lake City, Utah 84121

Subject: Cancellation of Surety Bond Number _____ Nephi Sandstone Corporation, Cedar Springs Mine, M/023/0059, Juab County Utah

Dear Ms. Carroll:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated July 25, 2014, regarding cancellation of surety bond _____ in the amount of \$30,000.00 effective October 12, 2014. The mine operator, Nephi Sandstone Corporation, is being advised that a replacement surety must be provided by September 12, 2014.

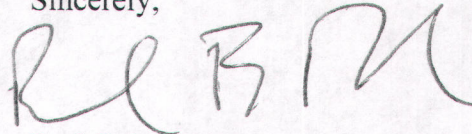
Most of the reclamation work has been completed at this mine, but there is some that remains, including the revegetation requirement. Under the terms of the above referenced surety bond, Travelers Casualty and Insurance Company of America (Travelers) remains liable for reclamation of the existing disturbance. If the surety is not replaced by September 12, 2014, the Division will immediately issue a cessation order to Nephi Sandstone Corporation and demand that it commence reclamation. Failure of the operator to reclaim the mine within 30 days of issuance of the cessation order may result in the Division making demand on Travelers to either proceed with reclamation or to pay to the Division the amount of the bond. If Travelers fails to complete reclamation or make payment as requested, the Division may proceed to file a Request for Agency Action with the Board of Oil, Gas and Mining to seek forfeiture of the bond.

Please confirm that you remain responsible as surety for the reclamation of the existing disturbance. We also ask that you advise the Division immediately if there is any reason or if any conditions arise that may preclude you from continuing as surety for reclamation of the existing disturbance.

Sylvia Carroll
Travelers Casualty and Insurance Company of America
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Thank you for your cooperation. If you have any questions, please feel free to call me at 801-538-5261.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. Baker', written in a cursive style.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure Letter to operator dated July 29, 2014, and copy of surety

Cc: Bruce Evans, Nephi Sandstone

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